AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF MONGOLIA

CONCERNING

THE INTERNATIONAL SCHOOL OF ULAANBAATAR

The Government of Mongolia and the Government of the United States of America (hereinafter "Parties")

Mutually recognizing the importance of an English-language international school to operate in Mongolia, which should be open to all students who wish to take part in an educational program under curriculum recognized in the United States and internationally, and

Guided by the desire to regulate the legal status of the International School of Ulaanbaatar city, capital of Mongolia,

Have agreed as follows:

Article 1

The scope of authority and working method of the International School of Ulaanbaatar (hereinafter "the School") shall be defined in the deed of foundation of the School. The School shall comprise a preschool, kindergarten, and grades 1-12.

The School has a legal personality under Mongolian law.

The operation of the School shall be governed by Mongolian legal regulations, unless provided by this Agreement.

Article 2

The School shall be governed by the School Board.

The School shall admit students whose English knowledge is sufficient to follow the course of instruction, provided this does not prevent the admission of students whose mother tongue or first language is English within limit of the approved spaces.

Article 3

The School shall be entitled to participate in scholarship programs in order to promote the admission of Mongolian students.

Article 4

Members of the faculty and the school staff who meet personnel requirements shall be employed by the School Board locally or brought in from abroad and their salary and other benefits shall be provided from the School budget.

The Government of Mongolia shall have no obligation to provide supplies or equipment for the School.

For the purpose of this Agreement, members of the staff shall mean the director and teachers of the School and personnel providing administrative and operational duties, provided they are citizens of Mongolia or non-Mongolian nationals.

Article 5

The Government of Mongolia:

1. Shall exempt the School from the payment of taxes and charges excepting excise and similar taxes, provided they are in connection with the fulfillment of the School's educational objective and execution of its program, and the establishment and organization of the School.

2. Shall exempt the School from fees and taxes otherwise payable on real property obtained or used by the School for educational purposes.

3. Shall exempt from the payment of personal income tax and social security contribution the non-Mongolian nationals staff of the School and their family members thereof residing in Mongolia for the purpose of performance of work related to this Agreement.

4. Shall permit non-Mongolian nationals staff and their family members thereof to import and export goods free of customs, tax and fees (except for excise tax). Goods so imported may be alienated or transferred for use to third persons within three (3) years only after full payment of the relevant customs duty. Staff shall be required to pay costs of storage and transportation, as well as any other public charges.

Articles free of customs, tax and fees shall be the following:

a) Any goods or equipment which are imported by a member of the staff for the purpose of performing his/her educational activities.

b) Objects for the personal use of the non-Mongolian nationals staff and family members which are brought to Mongolia within six (6) months from the time the non-Mongolian national staff members started his/her employment certified by the School, including one car for each employee, purchased abroad, excepting goods subject to excise tax.

c) Shall exempt from the payment of import customs duties, taxes and charges construction materials, furniture, vehicles, audiovisual devices and sport equipment to be used by the School.

5. Shall provide a residence permit and a multiple exit/entrance permit to the non-Mongolian staff. The exit/entrance permit and the instrument certifying the

projected employment period shall be issued by the Ministry of Foreign Affairs. The entrance visa shall be issued promptly by the Embassy of Mongolia abroad.

6. Shall permit the School to use real property in Mongolia and to have construction built in Mongolia within the Mongolian laws and regulations thereon provided it is related to the educational purpose and activities of the School.

Article 6

Customs exemption of the School and individuals entitled thereto in Article 5 of this Agreement shall be attested by the Ministry of Foreign Affairs.

The refund of the value added tax to the School shall be effected upon request of the School Board, certified by the Ministry of Foreign Affairs and submitted to the tax authority in writing.

Article 7

The School shall collect a tuition fee set by the School Board. The School Board may establish exemption from tuition or decrease the rate of tuition for some students based on financial need. The School Board shall be entitled to create scholarship programs. Tuition shall be calculated in U.S. dollars, except for Mongolian citizens and foreigners having a permanent domicile in Mongolia, who shall have the option to pay the tuition in tugriks.

Article 8

This Agreement shall enter into force on the day when the Parties hereto notify each other through diplomatic channels that they have complied with requirements stipulated in their countries for the Agreement to take effect. This Agreement shall remain in force until terminated by either Party giving two (2) years written notice through diplomatic channels to the other Party.

Done at Ulaanbaatar, in duplicate, this 26 day of May 2004 in the English and Mongolian languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

Pamela J. Slutz

FOR THE GOVERNMENT OF MONGOLIA: